INDIANA™
Accelerate Your Business
Indiana Economic Development Corporation
One North Capitol, Suite 700
Indianapolis, Indiana 46204
Tel 317.232.8800
Fax 317.232.4146
www.AccelerateIndiana.com

September 29, 2008

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, The Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small businesses associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") on behalf of the Indiana Board of Accountancy ("Board") and contained in LSA Document 07-306. The proposed rule amends 872 IAC 1-6 to revise the requirements and procedures for a quality review program for Certified Public Accountant ("CPA") and Public Accountant ("PA") firms. The rule requires only those accountancy firms that have completed any attest and/or compilation work in the previous three (3) years prior to the expiration date of the firm's permit to complete a quality review every three (3) years as a condition of renewal. Board records indicate that there are 1,131 accounting firms with permits to practice accountancy. The IPLA does not have the information necessary to determine how many of these firms qualify as small businesses as defined by IC 4-22-2-28.

Costs occurring as a result of this rule consist of fees for accountancy firms to enroll in a quality review program. This fee is set by individual, private administering entities and not controlled by the IPLA. One such entity, the Indiana State CPA Society charges a $100 to $300 fee to members of the society. The fees are doubled for non-members. The Society estimates that about 600 firms enrolled in the quality review program during the last renewal period in 2006. There is no data on how many of these firms are small businesses. In addition to the fee assessed by administering entities, the firm under review must negotiate a rate with a peer company which conducts the peer review. This fee is also not controlled by the Board or IPLA and because each fee is negotiated individually. These fees will vary based on the price negotiated between the firm under review and the firm conducting the review.

The IEDC does not object to the economic impact to small business associated with this proposed rule. The rule only impacts those firms that completed any attest and/or compilation work in the previous three (3) years prior to the expiration date of the firm permit. The rule ensures that accountancy firms are providing the public with quality accountancy services. This rule also gives the Board an added means of monitoring those firms that are not providing adequate accountancy services to the public.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

Ryan Asberry
Assistant Vice President